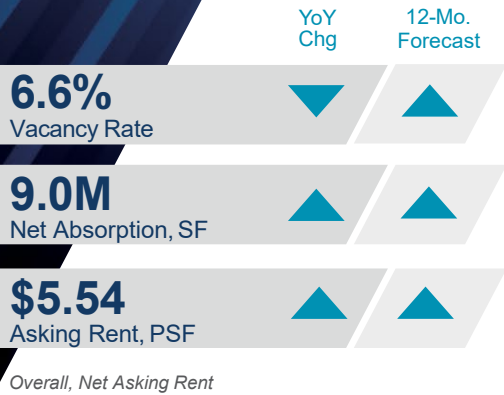
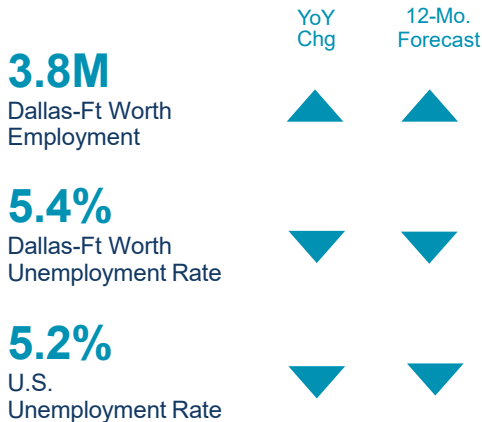


Industrial Q3 2021



ECONOMIC INDICATORS Q3 2021



Source: BLS

ECONOMY

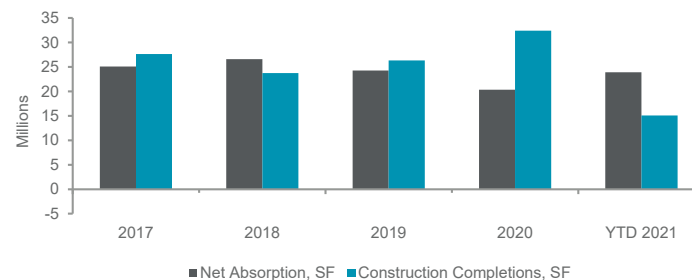
The economy returned to near pre-pandemic activity in Q3 2021 as the country continues to deal with the COVID Delta variant. With government restrictions lifted, the Dallas-Fort Worth (DFW) economy set its sights on a full recovery. While the unemployment rate remains above pre-pandemic lows, the market's economy continues to improve with 58,178 jobs added quarter-over-quarter. The increase in jobs is now 43,322 jobs shy of returning to its pre-pandemic high. The region's population increased by 97,147 people year-over-year (YOY), and by 26,057 in Q3 alone. As of Q3 2021, the population remains at a new high of over 7.9 million residents.

According to Moody's Analytics, the industrial sector grew by 10,833 jobs (1.0%) from the previous quarter. Industrial roles are described as positions that fall within manufacturing and trade, transportation, and utilities. The leading indicator of industrial demand is driven by trade, transportation, and utilities sector jobs, which accounted for a majority of industrial roles at 75% (831,952 jobs). The region's industrial employment totaled 1.1 million jobs as of quarter end.

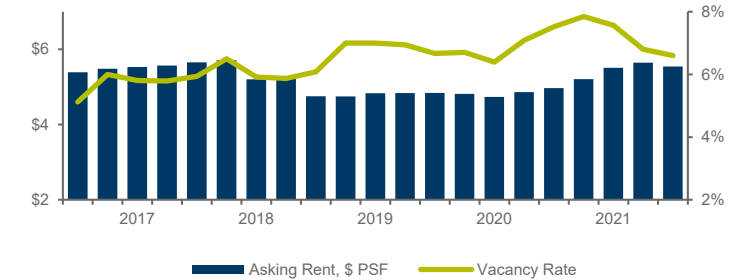
SUPPLY

The DFW industrial market remained fiery through third quarter. The quarter closed with a 20-basis point (bps) decrease in vacancy to 6.6% compared to the prior quarter. The decrease in vacancy in the quarter resulted from net absorption outpacing completions by 962,518 square feet (sf). Developers added 8.0 million square feet (msf) of new product to the market. South Dallas and Alliance submarkets recorded the highest number of completions, with 2.7 msf and 1.7 msf completed. Build-to-suit projects accounted for 32.0% of new project completions. Construction activity soared due to the increase in demand, with 44.1 msf under construction. Dallas-Fort Worth remains well above the national average with an additional 48.4 msf of proposed space over the next three years. Speculative sites accounted for the majority of product under construction at 34.8 msf (79.1%) with 24.8% of all under construction projects currently pre-leased.

SPACE DEMANDS / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q3 2021

DEMAND

Strong demand for product in the DFW market will continue to keep vacancy rates relatively stable. The market's central location and extensive transportation and distribution network has continued to make it a vital logistics hub. Overall new leasing activity (excluding renewals) totaled 16.4 msf with the highest activity in Alliance at 2.4 msf, followed by Great Southwest and South Fort Worth at 2.2 msf and 1.8 msf, respectively.

The DFW industrial market recorded its highest occupancy growth since the start of the pandemic and absorbed 9.0 msf in third quarter 2021. The highest cumulative increases occurred in the Alliance and DFW Airport submarkets at 1.9 msf followed by Great Southwest and South Dallas at 1.6 msf and 1.5 msf, respectively. Top new leases signed this quarter were Salle Creek (861,000 sf) in South Fort Worth, Woods Distribution (708,047 sf) and Olam Cotton (668,031 sf) were leased in Alliance. The largest move-ins this quarter were Wal-Mart (1.0 msf), Woods Distribution (708,047 sf) and Comptree (576,123 sf). All large move-ins and top new leases signed were in warehouse/distribution assets. Renewals decreased 43.3% YOY and accounted for 9.4% of combined renewal and leasing activity. The decrease in renewals correlates with greater economic clarity for tenants post pandemic.

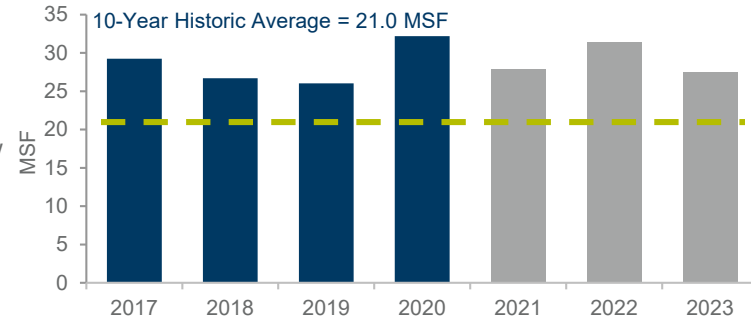
PRICING

Asking rental rates decreased slightly in the DFW industrial market. The quarter concluded with an overall average asking rate of \$5.54 per square foot (psf) in Q3, marking a 6.3% increase over year-end 2020 (\$5.21 psf). The Richardson/Plano submarket led with the highest overall average asking rate in DFW with rents at \$11.34 psf. North Dallas/Metropolitan and Valwood/N. Stemmons submarkets followed closely at \$9.01 psf and \$7.94 psf, respectively. Warehouse/Distribution properties rental rates decreased by 1.4% from the previous quarter. Warehouse/Distribution assets reported average rental rate of \$4.91 psf with the Richardson/Plano submarket with the highest asking rental rate at \$8.80 psf.

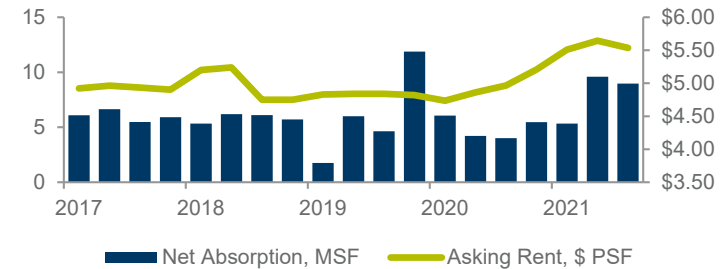
Outlook

- Dallas-Fort Worth's central location and extensive transportation and distribution network will continue to make it a vital logistics hub.
- The construction pipeline will remain robust and continue to deliver new Class A product throughout the entire market.
- Leasing activity will continue to outpace new supply, keeping vacancy below historical levels.
- Rental rates will see a slight uptick across Dallas-Fort Worth due to demand and arrival of new Class A product.

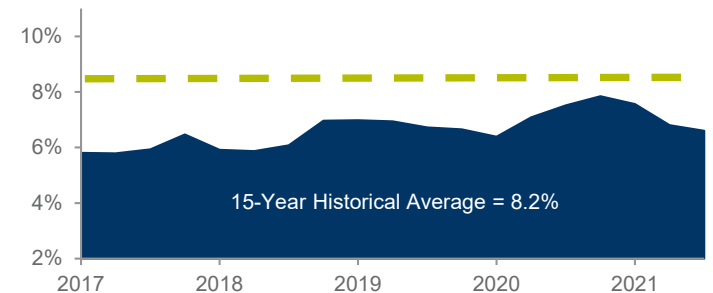
NEW SUPPLY (msf)



OVERALL NET ABSORPTION/OVERALL ASKING RENT



OVERALL VACANCY



Industrial Q3 2021

MARKET STATISTICS

| SUBMARKET | TOTAL BLDGS | INVENTORY | DIRECT VACANT | OVERALL VACANT | DIRECT VACANCY RATE | OVERALL VACANCY RATE | Q3 NET ABSORPTION | 2021 NET ABSORPTION | UNDER CONSTRUCTION | 2021 COMPLETIONS | OVERALL AVG. ASKING RENT* | DIRECT AVG. ASKING RENT* |
|---------------------------|--------------|--------------------|-------------------|-------------------|---------------------|----------------------|-------------------|---------------------|--------------------|-------------------|---------------------------|--------------------------|
| Allen/McKinney | 131 | 13,407,820 | 1,623,804 | 1,628,013 | 12.1% | 12.1% | 93,015 | 1,417,666 | 0 | 2,028,302 | \$6.63 | \$6.58 |
| Brookhollow/Trinity | 881 | 48,905,894 | 2,538,000 | 2,739,482 | 5.2% | 5.6% | 167,239 | -209,815 | 109,200 | 329,358 | \$7.33 | \$7.37 |
| Central Dallas | 212 | 14,214,515 | 334,014 | 334,014 | 2.3% | 2.3% | -117,112 | -172,226 | 0 | 0 | N/A | N/A |
| DFW Airport | 602 | 94,825,041 | 6,143,380 | 6,621,646 | 6.5% | 7.0% | 1,897,407 | 5,090,414 | 3,139,431 | 1,252,956 | \$7.25 | \$7.34 |
| Far North/I-35 | 246 | 23,432,981 | 1,049,423 | 1,049,423 | 4.5% | 4.5% | 89,171 | 1,027,487 | 2,278,988 | 242,320 | \$6.25 | \$6.25 |
| Garland | 539 | 45,252,729 | 1,498,535 | 1,977,114 | 3.3% | 4.4% | 575,299 | 1,415,894 | 0 | 0 | \$4.52 | \$4.52 |
| Great Southwest | 1042 | 118,284,958 | 4,231,712 | 4,603,747 | 3.6% | 3.9% | 1,582,862 | 2,200,685 | 2,200,337 | 511,153 | \$6.20 | \$6.34 |
| Mesquite | 195 | 22,465,197 | 2,171,396 | 2,195,346 | 9.7% | 9.8% | 140,512 | 1,529,853 | 2,386,420 | 145,303 | \$4.90 | \$4.89 |
| North Dallas/Metropolitan | 331 | 19,162,966 | 622,336 | 637,716 | 3.2% | 3.3% | 248,668 | 381,873 | 42,855 | 124,450 | \$9.01 | \$8.81 |
| Pinnacle/Turnpike | 213 | 30,392,396 | 1,330,198 | 1,330,198 | 4.4% | 4.4% | -432,634 | 879,315 | 1,005,200 | 0 | \$3.50 | \$3.50 |
| Redbird | 209 | 23,607,175 | 688,830 | 699,830 | 2.9% | 3.0% | -25,377 | 63,661 | 0 | 354,246 | \$5.63 | \$5.63 |
| Richardson/Plano | 493 | 36,820,126 | 1,746,717 | 2,083,064 | 4.7% | 5.7% | 329,943 | 666,645 | 2,596,028 | 87,360 | \$11.34 | \$11.35 |
| East Dallas | 103 | 12,221,064 | 184,944 | 184,944 | 1.5% | 1.5% | -64,552 | -51,906 | 3,354,034 | 0 | \$7.79 | \$7.79 |
| South Dallas | 250 | 61,908,523 | 5,506,097 | 6,045,038 | 8.9% | 9.8% | 1,539,618 | 3,818,753 | 10,495,394 | 2,651,618 | \$4.01 | \$3.77 |
| Valwood/N. Stemmons | 558 | 52,045,963 | 1,779,515 | 2,128,630 | 3.4% | 4.1% | 565,573 | 592,724 | 270,626 | 317,475 | \$7.94 | \$7.76 |
| Walnut Hill/Stemmons | 483 | 22,794,793 | 909,198 | 973,478 | 4.0% | 4.3% | 193,278 | 519,397 | 180,242 | 220,412 | \$6.38 | \$6.38 |
| DALLAS TOTAL | 6,488 | 639,742,141 | 32,358,099 | 35,231,683 | 5.1% | 5.5% | 6,782,910 | 19,170,420 | 28,058,755 | 8,264,953 | \$6.28 | \$6.24 |
| Alliance | 181 | 59,620,514 | 8,245,667 | 8,915,746 | 13.8% | 15.0% | 1,937,576 | 3,282,870 | 7,273,091 | 3,545,119 | \$4.61 | \$4.91 |
| Central Fort Worth | 293 | 15,836,116 | 747,198 | 762,798 | 4.7% | 4.8% | -167,430 | -177,804 | 0 | 0 | \$2.99 | \$2.99 |
| East Fort Worth | 428 | 23,551,403 | 666,203 | 666,203 | 2.8% | 2.8% | 48,724 | -83,676 | 1,493,722 | 0 | \$5.24 | \$5.24 |
| North Fort Worth | 362 | 48,208,622 | 2,662,775 | 3,012,041 | 5.5% | 6.2% | -228,550 | 767,289 | 1,724,852 | 987,764 | \$4.93 | \$4.92 |
| South Fort Worth | 300 | 31,941,731 | 5,500,323 | 5,540,323 | 17.2% | 17.3% | 544,106 | 890,339 | 5,576,989 | 1,900,353 | \$4.46 | \$4.46 |
| West Fort Worth | 77 | 4,551,740 | 501,157 | 501,157 | 11.0% | 11.0% | 44,750 | 44,455 | 0 | 380,020 | \$6.16 | \$6.16 |
| FORT WORTH TOTAL | 1,641 | 183,710,126 | 18,323,323 | 19,398,268 | 10.0% | 10.6% | 2,179,176 | 4,723,473 | 16,068,654 | 6,813,256 | \$4.67 | \$4.82 |
| DFW TOTAL | 8,129 | 823,452,267 | 50,681,422 | 54,629,951 | 6.2% | 6.6% | 8,962,086 | 23,893,893 | 44,127,409 | 15,078,209 | \$5.54 | \$5.57 |

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS Q3 2021

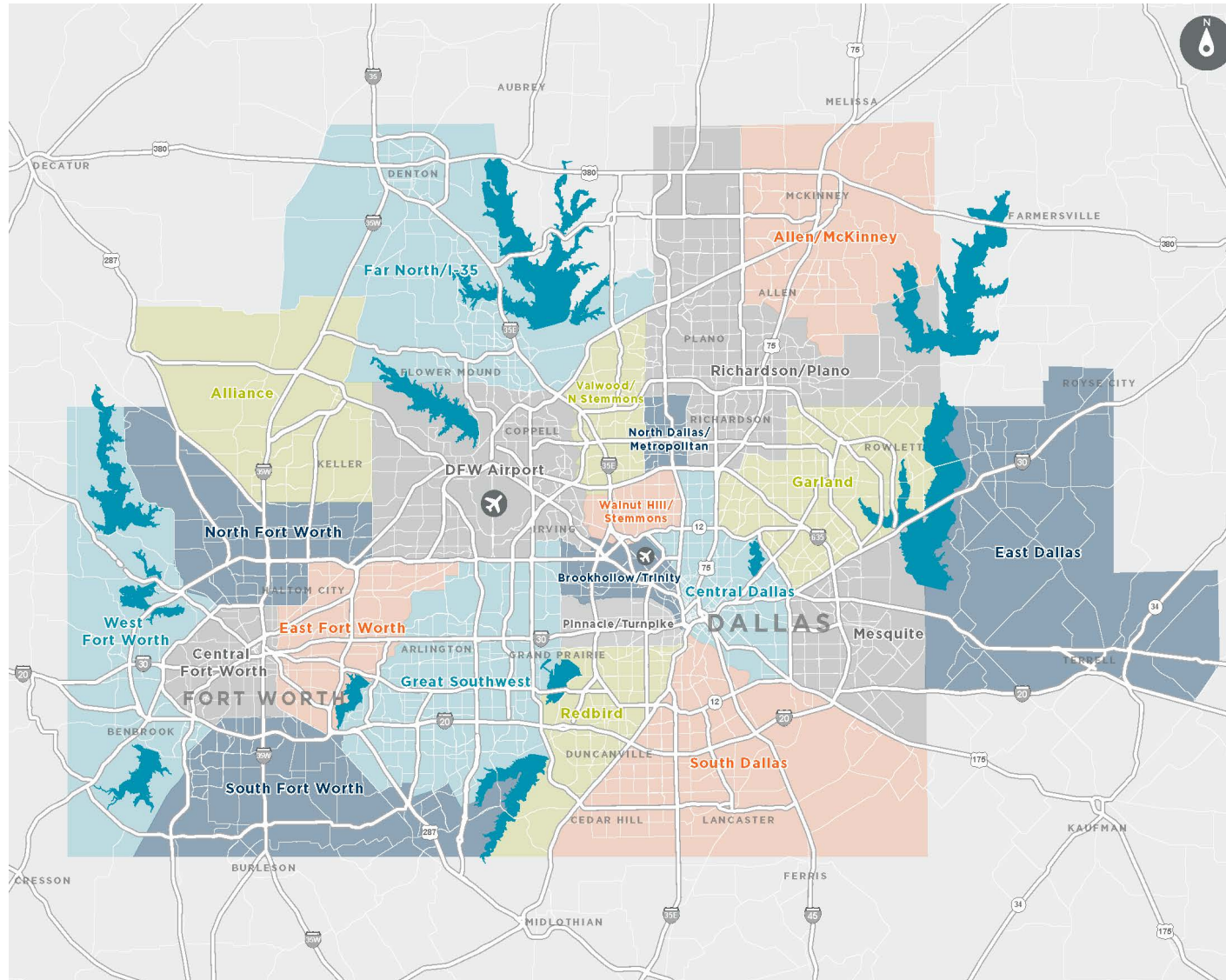
| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|-----------------------|------------------|--------------------|---------|-----------|
| 11900 South Fwy | South Fort Worth | Saddle Creek | 861,000 | New Lease |
| 11501 N Fwy | Alliance | Woods Distribution | 708,047 | New Lease |
| 2701 Keller Haslet Rd | Alliance | Olam Cotton | 668,031 | New Lease |

*Renewals not included in leasing statistics

SELECT KEY PROJECTS UNDER CONSTRUCTION Q3 2021

| PROPERTY | SUBMARKET | Owner / Construction Type | SF |
|-----------------------------|------------------|---------------------------|-----------|
| I-35W & Dale Earnhardt Blvd | Alliance | Clarion Partners / SPEC | 2,600,000 |
| 7500-7601 Oak Grove-Bldg 3 | South Fort Worth | Crow Holdings / BTS | 1,430,134 |
| 1475 Akron Way | East Dallas | Seefried / BTS | 1,114,765 |

INDUSTRIAL SUBMARKETS



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